



General Assembly

Amendment

February Session, 2008

LCO No. 6312

HB0515706312HD0

Offered by:

REP. O'CONNOR, 35th Dist.

SEN. CRISCO, 17th Dist.

To: Subst. House Bill No. **5157**

File No. 194

Cal. No. 104

**"AN ACT CONCERNING THE MARKETING OF MEDICAL
DISCOUNT PLANS."**

1 After the last section, add the following and renumber sections and
2 internal references accordingly:

3 "Sec. 501. Subsection (b) of section 38a-1003 of the general statutes is
4 repealed and the following is substituted in lieu thereof (*Effective*
5 *October 1, 2008*):

6 (b) To obtain and to maintain its certificate of approval, a workers'
7 compensation self-insurance group shall comply with the following
8 requirements as well as any other requirements established under the
9 provisions of chapter 568. Such group shall have:

10 (1) A combined net worth of all members of a group of private
11 employers of at least five million dollars. Such group shall maintain a
12 minimum working capital of two hundred fifty thousand dollars. The
13 minimum premium or portion thereof required in subdivision (1) of

14 subsection (a) of section 38a-1017 shall be used to satisfy the working
15 capital requirements of this section.

16 (2) A security, in the amount of five hundred thousand dollars or
17 more and such security shall be in the form of a surety bond, security
18 deposit or financial security endorsement or any combination thereof.
19 If a surety bond is used to meet the security requirement, it shall be
20 issued by a corporate surety company authorized to transact business
21 in this state. If a security deposit is used to meet the security
22 requirement, such securities shall be limited to bonds or other
23 evidence or indebtedness issued, assumed or guaranteed by the
24 United States of America or by an agency or instrumentality thereof;
25 certificates of deposit in a federally insured bank; shares or savings
26 deposits in a federally insured savings and loan association or credit
27 union; or any bond or security issued by a state of the United States of
28 America and backed by the full faith and credit of the state. Any such
29 securities shall be deposited with the State Treasurer and assigned to
30 and made negotiable by the chairman of the Workers' Compensation
31 Commission pursuant to a trust document acceptable to the
32 commissioner. Interest accruing on a negotiable security so deposited
33 shall be collected and transmitted to the depositor provided the
34 depositor is not in default. A financial security endorsement, issued as
35 part of an acceptable excess insurance contract, may be used to meet all
36 or part of the security requirement. The bond, security deposit or
37 financial security endorsement shall be: (A) For the benefit of the state
38 solely to pay claims and associated expenses; and (B) payable upon the
39 failure of the group to pay workers' compensation benefits that it is
40 legally obligated to pay. The commissioner may establish and adjust
41 from time to time, requirements for the amount of security based on
42 differences among groups in their size, types of employment, years in
43 existence and other relevant factors.

44 (3) Specific and aggregate excess insurance in a form, in an amount,
45 and by an insurance company acceptable to the commissioner. The
46 commissioner may establish minimum requirements for the amount of
47 specific and aggregate excess insurance based on differences among

48 groups in their size, types of employment, years in existence and other
49 relevant factors, and may permit a group to meet this requirement by
50 placing in a designated depository securities of the type referred to in
51 subdivision (2) of this subsection.

52 (4) An estimated annual standard premium of at least one million
53 dollars during a group's first year of operation and annually thereafter.
54 Such amount may be offset or reduced by depositing equivalent liquid
55 assets in an interest-bearing claims reserve account established in the
56 name of the proposed workers' compensation self-insurance group.
57 Such proposed workers' compensation self-insurance group shall not
58 pledge, hypothecate or otherwise encumber its assets to secure its debt,
59 guaranty or obligations. No single member applicant shall have more
60 than twenty per cent of the total combined standard premium of the
61 group.

62 (5) An indemnity agreement jointly and severally binding the group
63 and each member thereof to meet the workers' compensation
64 obligations of each member. The indemnity agreement shall be in a
65 form prescribed by the commissioner and shall include minimum
66 uniform substantive provisions prescribed by the commissioner.
67 Subject to the commissioner's approval, a group may add other
68 provisions as are necessary to perform its obligations.

69 (6) A fidelity bond for the administrator in a form and amount
70 prescribed by the commissioner.

71 (7) A fidelity bond for the service company in a form and amount
72 prescribed by the commissioner. The commissioner may also require
73 the service company providing claim services to furnish a performance
74 bond in a form and amount he prescribes."